

NEISNER BROTHERS, INC.

and Subsidiary Companies

ROCHESTER, N. Y.

Statement as at December 31st, 1935

EXECUTIVE AND BUYING OFFICES

49 EAST AVENUE
ROCHESTER, N. Y.

NEISNER BRO
and Subsidiaries
Consolidated Balance Sheet

ASSETS

CURRENT:

Cash in banks, in transit and on hand.....	\$2,283,472.42	
Accounts Receivable (Net).....	40,809.26	
Cash Value: Life Insurance.....	30,622.25	
Merchandise Inventory (at lower of cost or market, certified by officials as to quantities and condition) ..	1,744,437.18	
Prepaid Rents to be applied in 1936.....	79,334.58	\$ 4,178,675.69
PREPAID RENTS AND CASH ADVANCES TO LESSORS TO BE APPLIED AFTER JANUARY 1, 1937.....		574,167.64

OTHER:

(1) Equity in Real Estate owned by Wholly-owned Subsidiary	196,250.00
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FIXED:

	Cost	Depreciation and Amortization	Net Book Value	
(2) Real Estate & Bldgs..	\$1,471,988.20	\$ 69,047.07	\$1,402,941.13	
Leaseholds and Improvements	2,653,813.52	749,730.34	1,904,083.18	
Cafeteria Equipment..	480,636.23	160,835.56	319,800.67	
Store Fixtures	2,339,848.21	756,154.71	1,583,693.50	
Totals:	\$6,946,286.16	\$1,735,767.68	\$5,210,518.48	5,210,518.48

PREPAID INSURANCE AND OTHER PREPAID ITEMS	48,411.10
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- (1) Real Estate in Boston (owned by Wholly-owned subsidiary) is subject to a first mortgage of \$800,000.00 not assumed by Neisner Brothers, Inc. or subsidiary.
- (2) Includes buildings erected on leased property and Land and Buildings owned in fee.

TOTAL: \$10,208,022.91

To the Stockholders of
Neisner Brothers, Inc.:

We have made an examination of the consolidated balance sheet of Neisner Brothers, Inc. and subsidiary companies as at December 31, 1935 and of the consolidated profit and loss and surplus account for the year 1935. In connection therewith, we examined or tested accounting records of the companies and other supporting evidence and obtained information and explanations from officers and employees of the companies; we also made a general review of the accounting methods and of the operating and income accounts for the year, but we did not make a detailed audit of the transactions.

In our opinion, based upon such examination, the accompanying consolidated balance sheet and related consolidated profit and loss and surplus account fairly present, in accordance with accepted principles of accounting consistently maintained by the companies during the year under review, the position of the combined companies at December 31, 1935, and the result of operations for the year.

WILSON, SHULTS & CO.
Certified Public Accountants.

Rochester, N. Y.
February 27, 1936

OTHERS, INC.

ry Companies

Sheet - December 31, 1935

LIABILITIES AND CAPITAL

CURRENT:

Accounts Payable: Trade:.....	\$	47,627.96	
Accounts Payable: Other:		178,792.56	
Accrued Interest: Debenture Bonds and Mortgages...		33,305.57	
Provision for Federal and State Taxes.....		190,000.00	\$ 449,726.09

RESERVES:

Insurance (A surplus reserve to cover loss, if any, on plate glass damage self insured).....	114,278.32	
Deferred Rental and Lease Deposits.....	19,130.60	133,408.92

LONG-TERM INDEBTEDNESS:

Mortgage: Real Estate Main St. Rochester, N. Y.....	\$	374,000.00	
6% Convertible Sinking Fund Gold Debentures due December 15, 1948, payable by operation of Sinking Fund at \$100,000.00 per year, requirements met to September 1, 1937.			
Amount issued	\$3,000,000.00		
Less Retired	\$ 350,000.00		
In Treasury	10,000.00	360,000.00	2,640,000.00 3,014,000.00

CAPITAL:

Preferred Stock 6½% Cumulative: Par \$100.00 per share. Authorized 25,000 shares. Issued.....	\$	None	
Preferred Stock 7% Convertible Cumulative: Par \$100.00 per share.			
Authorized and Issued.....	25,000 shares		
Converted and Retired 2,923 shares			
In Treasury	255 shares	3,178 shares	
		21,822 shares	2,182,200.00

Common Stock: No Par Value
Authorized 400,000 shares.

Issued	206,235 shares		
In Treasury	2,302 shares		
Outstanding	203,933 shares	801,956.85	
Surplus		3,626,731.05	6,610,887.90

TOTAL: \$10,208,022.91

NEISNER BROTHERS, INC.
and Subsidiary Companies

CONSOLIDATED PROFIT AND LOSS AND SURPLUS ACCOUNT
FOR THE YEAR ENDED DECEMBER 31, 1935

SALES	\$18,625,732.12	
OTHER INCOME	317,928.48	
TOTAL INCOME		<u>\$18,943,660.60</u>

DEDUCT:

Cost of Sales and General Expenses.....	\$17,415,615.60	
Interest Paid on Bonds and Mortgages.....	187,841.69	
Amortization and Depreciation.....	245,443.13	
Provision for Federal and State Taxes.....	190,000.00	<u>18,038,900.42</u>

NET PROFIT FOR THE YEAR 1935..... \$ 904,760.18

SURPLUS BALANCE JANUARY 1, 1935..... \$ 3,190,762.68

NET PROFIT 1935..... \$ 904,760.18

LESS: Miscellaneous Adjustments:

Taxes, etc. prior years.....	\$ 10,672.56	
Dividend paid on 7% Preferred Capital Stock \$7.00 per share.....	152,404.00	
Dividend paid on Common Capital Stock \$1.50 per share.....	305,715.25	<u>468,791.81</u>

INCREASE IN SURPLUS FOR THE YEAR..... 435,968.37

CONSOLIDATED EARNED SURPLUS DECEMBER 31, 1935..... \$ 3,626,731.05